

Test Scenario #9

Primary Taxpayer: **Test E. Ratt**

SSN: 400-00-**4230**

Secondary Taxpayer: Wharf B. Ratt

SSN: 400-00-4280

Filing Status: 3 – Married, filing joint return

Family Size: 2

Refund – Direct Deposit

Test Scenario #9 includes the following forms:

- Form 740
- Schedule M
- Schedule J
- Form 8879-K

Supporting forms include:

- Form 1040
- Form 1099-G (State income tax refund)

Special Instructions:

- Standard Deduction
- National Guard personal tax credit
- Schedule J



DRAFT
6/27/12

REFUND/TAX PAYMENT SUMMARY

29	Enter amount from page 1, line 28. This is your Total Tax Liability	• 29		00
30	(a) Enter Kentucky income tax withheld as shown on attached 2012 Form W-2(s) and other supporting statements	• 30(a)		00
	(b) Enter 2012 Kentucky estimated tax payments.....	• 30(b)		00
	(c) Enter 2012 refundable certified rehabilitation credit (KRS 141.382(1)(b))	• 30(c)		00
	(d) Enter 2012 film industry tax credit (KRS 141.383)	• 30(d)		00
31	Add lines 30(a) through 30(d)	• 31		00
32	If line 31 is larger than line 29, enter AMOUNT OVERPAID (see instructions)	32		00
<i>Fund Contributions; See instructions.</i>				
33	Nature and Wildlife Fund <input type="checkbox"/> \$10 <input type="checkbox"/> \$25 <input type="checkbox"/> \$50 <input type="checkbox"/> Other	• 33		00
34	Child Victims' Trust Fund <input type="checkbox"/> \$10 <input type="checkbox"/> \$25 <input type="checkbox"/> \$50 <input type="checkbox"/> Other	• 34		00
35	Veterans' Program Trust Fund <input type="checkbox"/> \$10 <input type="checkbox"/> \$25 <input type="checkbox"/> \$50 <input type="checkbox"/> Other	• 35		00
36	Breast Cancer Research/Education Trust Fund <input type="checkbox"/> \$10 <input type="checkbox"/> \$25 <input type="checkbox"/> \$50 <input type="checkbox"/> Other	• 36		00
37	Add lines 33 through 36	37		00
38	Amount of line 32 to be CREDITED TO YOUR 2013 ESTIMATED TAX	• 38		00
39	Subtract lines 37 and 38 from line 32. Amount to be REFUNDED TO YOU	REFUND • 39		00
40	If line 29 is larger than line 31, enter ADDITIONAL TAX DUE	• 40		00
41	(a) Estimated tax penalty and/or interest. <input type="checkbox"/> Check if Form 2210-K attached ...	41(a)		00
	(b) Interest	41(b)		00
	(c) Late payment penalty	41(c)		00
	(d) Late filing penalty.....	41(d)		00
42	Add lines 41(a) through 41(d). Enter here.....	• 42		00
43	Add lines 40 and 42 and enter here. This is the AMOUNT YOU OWE	OWE 43		00

- Make check payable to **Kentucky State Treasurer** or visit www.revenue.ky.gov for more options.
- Write your Social Security number and "KY Income Tax—2012" on the check.

OFFICIAL USE ONLY

PWR

SECTION A—BUSINESS INCENTIVE AND OTHER TAX CREDITS

	A. Spouse		B. Yourself	
1 Enter nonrefundable limited liability entity credit (KRS 141.0401(2))	1	00	1	00
2 Enter Kentucky small business investment credit	2	00	2	00
3 Enter skills training investment credit (attach copy(ies) of certification)	3	00	3	00
4 Enter nonrefundable certified rehabilitation credit (KRS 171.397(1)(a))	4	00	4	00
5 Enter credit for tax paid to another state (attach copy of other state's return(s))	5	00	5	00
6 Enter unemployment credit (attach Schedule UTC)	6	00	6	00
7 Enter recycling and/or composting equipment credit (attach Schedule RC)	7	00	7	00
8 Enter Kentucky investment fund credit (attach copy(ies) of certification)	8	00	8	00
9 Enter coal incentive credit.....	9	00	9	00
10 Enter qualified research facility credit (attach Schedule QR).....	10	00	10	00
11 Enter GED incentive credit (attach Form DAEL-31).....	11	00	11	00
12 Enter voluntary environmental remediation credit (attach Schedule VERB).....	12	00	12	00
13 Enter biodiesel and renewable diesel credit.....	13	00	13	00
14 Enter environmental stewardship credit.....	14	00	14	00
15 Enter clean coal incentive credit.....	15	00	15	00
16 Enter ethanol credit (attach Schedule ETH).....	16	00	16	00
17 Enter cellulosic ethanol credit (attach Schedule CELL)	17	00	17	00
18 Enter energy efficiency products credit (attach Form 5695-K)	18	00	18	00

Continue to page 3 to complete Section A



SECTION A—BUSINESS INCENTIVE AND OTHER TAX CREDITS (continued)		A. Spouse		B. Yourself	
19	Enter railroad maintenance and improvement credit (attach Schedule RR-1)	19	00	19	00
20	Enter Endow Kentucky credit (attach Schedule ENDOW)	20	00	20	00
21	Enter New Markets Development Program credit	21	00	21	00
22	Add lines 1 through 21, Columns A and B. Enter here and on page 1, line 15 .	22	00	22	00

SECTION B—PERSONAL TAX CREDITS **Check Regular** **Check both if 65 or over** **Check both if blind**

- 1 (a) Credits for yourself: ☐ ☐ ☐ ☐ ☐
- (b) Credits for spouse: ☐ ☐ ☐ ☐ ☐

1 Enter number of boxes checked on line 1

2 Dependents:

2 Enter number of dependents who:

First name	Last name	Dependent's Social Security number	Dependent's relationship to you	Check if qualifying child for family size tax credit
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>

- lived with you
- did not live with you (see instructions)
- other dependents

3 Add total number of credits claimed on lines 1 and 2.

3 Enter total credits

If married filing separately on a combined return (Filing Status 2), each taxpayer must claim his or her own credits from line 1, divide the credits on line 2, and enter the totals in Boxes 3A and 3B. All other filers enter the amount from line 3 in Box 3B

Spouse Yourself

•3A	•3B
x \$20	x \$20
4A	4B

4 Multiply credits on line 3A by \$20 and enter on line 4A. Multiply credits on line 3B by \$20 and enter on line 4B. **Enter here and on page 1, line 17, Columns A and B**

SECTION C—FAMILY SIZE TAX CREDIT (List the name and Social Security number of qualifying children that are not claimed as dependents in Section B.)

First name	Last name	Social Security number	First name	Last name	Social Security number

Attach a complete copy of federal Form 1040 if you received farm, business, or rental income or loss. If not required, check here. ☐

I, the undersigned, declare under penalties of perjury that I have examined this return, including all accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. I also understand and agree that our election to file a combined return under the provisions of Regulation 103 KAR 17:020 will result in refunds being made payable to us jointly and in each of us being jointly and severally liable for all taxes accruing under this return.

Your Signature (If joint or combined return, both must sign.) Spouse's Signature Date Signed

()

Telephone Number (daytime)

Typed or Printed Name of Preparer Other than Taxpayer I.D. Number of Preparer Date

Firm Name EIN Date

Mail to:

REFUNDS

Kentucky Department of Revenue, Frankfort, KY 40618-0006.



PAYMENTS

Kentucky Department of Revenue, Frankfort, KY 40619-0008.

DRAFT
6 / 27 / 12

SCHEDULE M



2012

Form 740
42A740-M

KENTUCKY FEDERAL ADJUSTED GROSS INCOME MODIFICATIONS

Department of Revenue

► Attach to Form 740.

Enter name(s) as shown on tax return.

Your Social Security Number

PART I ADDITIONS TO FEDERAL ADJUSTED GROSS INCOME

- 1 Enter interest income from bonds issued by other states and their political subdivisions.....
- 2 Enter self-employed health insurance deduction from federal Form 1040, line 29.....
- 3 Enter resident adjustment from partnerships, fiduciaries and S corporations, Schedule K-1
- 4 Enter federal depreciation from Form 4562.....
- 5 Enter federal Net Operating Loss
- 6 Enter federal domestic production activities deduction from federal Form 8903, line 25.....
- 7 Other additions (list and enter total):
(a) _____
(b) _____
(c) _____
- 8 Total Additions. Enter here and on Form 740, page 1, line 6.....

A. Spouse (Use if Filing Status 2 is checked.)

B. Yourself (or Joint)

1		00	1		00
2		00	2		00
3		00	3		00
4		00	4		00
5		00	5		00
6		00	6		00
7		00	7		00
8		00	8		00
9		00	9		00
10		00	10		00
11		00	11		00
12		00	12		00
13		00	13		00
14		00	14		00
15		00	15		00
16		00	16		00
17		00	17		00
18		00	18		00
19		00	19		00
20		00	20		00

DRAFT
6/5/12

PART II SUBTRACTIONS FROM FEDERAL ADJUSTED GROSS INCOME

- 9 Enter state income tax refund or credit reported as income on federal Form 1040
- 10 Enter interest income from U.S. government bonds and securities.....
- 11 Enter excludable amount of retirement income (attach Schedule P if more than \$41,110)
- 12 Enter taxable amount of Social Security and Railroad Retirement Board benefits from federal Form 1040, line 20(b) (1040A, line 14(b))
- 13 Enter long-term care insurance premiums.....
- 14 Enter health insurance premiums not previously deducted from income. Do not include premiums paid with pretax dollars (cafeteria plan).....
- 15 Enter resident adjustment from partnerships, fiduciaries and S corporations, Schedule K-1
- 16 Enter Kentucky depreciation from revised Form 4562
- 17 Enter Kentucky Net Operating Loss
- 18 Enter Kentucky domestic production activities deduction (see instructions).....
- 19 Other subtractions (list and enter total):
(a) _____
(b) _____
(c) _____
- 20 Total Subtractions. Enter here and on Form 740, page 1, line 8.....

SCHEDULE J**2012****Form 740**

42A740-J (10-12)

**KENTUCKY
FARM INCOME AVERAGING**

Department of Revenue

➤ See federal instructions for Schedule J.

➤ Attach to Form 740.

Enter name(s) as shown on tax return.	Your Social Security Number	

Note: Compute tax using the Tax Table or the Tax Rate Schedule appropriate to each year. This is tax before credits.

1. Enter your taxable income from Form 740, line 11.....	1		
2. Enter your elected farm income. Do not exceed amount on federal Schedule J, line 2a *	2		
3. Subtract line 2 from line 1. If zero or less, enter -0-	3		
4. Compute the tax on the amount on line 3 using the 2012 tax rate or tax rate schedule	4		
5. If you used Schedule J to figure your tax for: • 2011, enter the amount from your 2011 Schedule J, line 11. • 2010 but not 2011, enter the amount from your 2010 Schedule J, line 15. • 2009 but not 2010 or 2011, enter the amount from your 2009 Schedule J, line 3.....	5		
Otherwise, enter the taxable income from your 2009 Form 740, line 11 or Form 740-EZ, line 3. If zero or less, see instructions.			
6. Divide the amount on line 2 by 3.0.....	6		
7. Add lines 5 and 6. If zero or less, enter -0-.....	7		
8. Compute the tax on the amount on line 7 using the 2009 tax rate or tax rate schedule	8		
9. If you used Schedule J to figure your tax for: • 2011, enter the amount from your 2011 Schedule J, line 15. • 2010 but not 2011, enter the amount from your 2010 Schedule J, line 3	9		
Otherwise, enter the taxable income from your 2010 Form 740, line 11 or Form 740-EZ, line 3. If zero or less, see instructions.			
10. Enter the amount from line 6.....	10		
11. Add lines 9 and 10. If less than zero, enter as a negative amount.....	11		
12. Compute the tax on the amount on line 11 using the 2010 tax rate or tax rate schedule	12		
13. If you used Schedule J to figure your tax for 2011, enter the amount from your 2011 Schedule J, line 3. Otherwise, enter the taxable income from your 2011 Form 740, line 11 or Form 740-EZ, line 3. If zero or less, see instructions	13		
14. Enter the amount from line 6.....	14		
15. Add lines 13 and 14. If less than zero, enter as a negative amount.....	15		
16. Compute the tax on the amount on line 15 using the 2011 tax rate or tax rate schedule	16		
17. Add lines 4, 8, 12 and 16.....	17		
18. If you used Schedule J to figure your tax for: • 2011, enter the amount from your 2011 Schedule J, line 12. • 2010 but not 2011, enter the amount from your 2010 Schedule J, line 16. • 2009 but not 2010 or 2011, enter the amount from your 2009 Schedule J, line 4. Otherwise, enter the tax from your 2009 Form 740, line 12 or Form 740-EZ, line 4	18		
19. If you used Schedule J to figure your tax for: • 2011, enter the amount from your 2011 Schedule J, line 16. • 2010 but not 2011, enter the amount from your 2010 Schedule J, line 4. Otherwise, enter the tax from your 2010 Form 740, line 12 or Form 740-EZ, line 4	19		
20. If you used Schedule J to figure your tax for 2011, enter the amount from your 2011 Schedule J, line 4. Otherwise, enter the tax from your 2011 Form 740, line 12 or Form 740-EZ, line 4	20		
21. Add lines 18 through 20	21		
22. Subtract line 21 from line 17. If the result is less than the tax on the taxable income on line 1, enter the tax on Form 740, line 12 and check the box.....	22		

DRAFT
6/19/12

* **Caution:** If income from another state is included in the elected farm income on line 2, you must also compute the tax without the other state's income to determine the state tax limitation for credit for taxes paid to other states.

For the year Jan. 1–Dec. 31, 2011, or other tax year beginning

, 2011, ending

, 20

See separate instructions.

Your first name and initial

Last name

Your social security number

If a joint return, spouse's first name and initial

Last name

Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions.

Apt. no.

▲ Make sure the SSN(s) above and on line 6c are correct.

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).

Presidential Election Campaign

Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.

☐ You ☐ Spouse

Foreign country name

Foreign province/county

Foreign postal code

Filing Status

1 ☐ Single

2 ☐ Married filing jointly (even if only one had income)

3 ☐ Married filing separately. Enter spouse's SSN above and full name here. ▶

4 ☐ Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶

5 ☐ Qualifying widow(er) with dependent child

Check only one box.

Exemptions

6a ☐ Yourself. If someone can claim you as a dependent, do not check box 6a

b ☐ Spouse

c Dependents:

(1) First name

Last name

(2) Dependent's social security number

(3) Dependent's relationship to you

(4) ☒ if child under age 17 qualifying for child tax credit (see instructions)

If more than four dependents, see instructions and check here ▶ ☐

d Total number of exemptions claimed

Boxes checked on 6a and 6b

No. of children on 6c who:

• lived with you

• did not live with you due to divorce or separation (see instructions)

Dependents on 6c not entered above

Add numbers on lines above ▶

Income

7 Wages, salaries, tips, etc. Attach Form(s) W-2

8a Taxable interest. Attach Schedule B if required

b Tax-exempt interest. Do not include on line 8a

8b

9a Ordinary dividends. Attach Schedule B if required

b Qualified dividends

9b

10 Taxable refunds, credits, or offsets of state and local income taxes

11 Alimony received

12 Business income or (loss). Attach Schedule C or C-EZ

13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ ☐

14 Other gains or (losses). Attach Form 4797

15a IRA distributions

15a

b Taxable amount

15b

16a Pensions and annuities

16a

b Taxable amount

16b

17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E

18 Farm income or (loss). Attach Schedule F

19 Unemployment compensation

20a Social security benefits

20a

b Taxable amount

20b

21 Other income. List type and amount

21

22 Combine the amounts in the far right column for lines 7 through 21. This is your total income ▶

22

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.

If you did not get a W-2, see instructions.

Enclose, but do not attach, any payment. Also, please use Form 1040-V.

Adjusted Gross Income

23 Educator expenses

24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ

25 Health savings account deduction. Attach Form 8889

26 Moving expenses. Attach Form 3903

27 Deductible part of self-employment tax. Attach Schedule SE

28 Self-employed SEP, SIMPLE, and qualified plans

29 Self-employed health insurance deduction

30 Penalty on early withdrawal of savings

31a Alimony paid b Recipient's SSN ▶

31a

32 IRA deduction

32

33 Student loan interest deduction

33

34 Tuition and fees. Attach Form 8917

34

35 Domestic production activities deduction. Attach Form 8903

35

36 Add lines 23 through 35

36

37 Subtract line 36 from line 22. This is your adjusted gross income ▶

37

☐ CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1 Unemployment compensation	OMB No. 1545-0120 2012 Form 1099-G	
		\$		
		2 State or local income tax refunds, credits, or offsets		
		\$		
PAYER'S federal identification number	RECIPIENT'S identification number	3 Box 2 amount is for tax year	4 Federal income tax withheld	
			\$	
RECIPIENT'S name Street address (including apt. no.) City, state, and ZIP code		5 ATA/VRTAA payments	6 Taxable grants	
		\$	\$	
		7 Agriculture payments	8 If checked, box 2 is trade or business income <input type="checkbox"/>	
		\$		
Account number (see instructions)		9 Market gain		
		\$		
		10a State	10b State identification no.	11 State income tax withheld
				\$

**Certain
Government
Payments**

**Copy B
For Recipient**

This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

Form **1099-G**

(keep for your records)

Department of the Treasury - Internal Revenue Service